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Assessment report of the Secretary-General on the status of the negotiations in Cyprus

I. Introduction

1. The present document provides the Security Council with an updated assessment of the state of the negotiations in Cyprus since my previous report (S/2010/603), dated 24 November 2010.

2. Following my meeting with the Greek Cypriot leader, Demetris Christofias, and the Turkish Cypriot leader, Derviş Eroğlu, in New York on 18 November 2010, I was encouraged by reports from my Special Adviser on Cyprus, Alexander Downer, that the leaders had heeded my call to step up the tempo and increase the output of the negotiations. And, indeed, there has been some progress since my last assessment of the talks in November 2010.

3. It is likely, however, that the political environment in the second quarter of this year will be less conducive to making substantial progress in the negotiations. As we approach elections scheduled for Cyprus and Turkey, there is a very real risk of the talks losing momentum. There is a need now for greater impetus to achieve substantive agreements on the core issues across all chapters before the electoral cycles become too advanced. I stressed this to both leaders when we met in New York on 18 November 2010 and again in Geneva on 26 January 2011.

II. Background

4. Since the beginning of full-fledged negotiations in September 2008, the talks have proceeded on the basis of United Nations parameters, relevant Security Council resolutions and the joint leaders' statements made on 23 May 2008 and 1 July 2008. I am satisfied that the two leaders are committed to the bases for the negotiations, as they have confirmed that the talks will continue on the agreed-upon United Nations basis.

5. On 18 November 2010, I called the two leaders to New York for a frank discussion about the status and pace of the talks. The leaders recognized the need to move more quickly and decisively in order to reach a settlement. Both leaders expressed a commitment to work towards resolving the key outstanding divergences and agreed to intensify contacts with one another in order to establish a practical plan for overcoming those differences. To that end, they pledged to identify the core

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issues that still needed to be resolved across all chapters. They also agreed to identify further convergences and to meet with me again in late January 2011.

6. In my November report, I made a number of recommendations for consideration by both leaders and their communities. The recommendations focused on the way forward in relation to the negotiations and to the public atmosphere in which those negotiations are proceeding. In that report, I also referred to a second meeting with the leaders to assess progress made; that meeting was held in Geneva on 26 January 2011.

7. At the international level, and in keeping with my commitment to support the process, I have held meetings with a number of key leaders and senior officials interested in the Cyprus question, including the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, David Cameron, the Chancellor of Germany, Angela Merkel, the Foreign Minister of Turkey, Ahmet Davutoğlu, and the Foreign Minister of Greece, Dimitrios Droutsas. My Special Adviser has remained in close contact with key members of the international community, particularly the three guarantor powers, including by meeting with the Foreign Minister of Turkey on 20 January 2011 and the Foreign Minister of Greece on 10 February 2011. Both foreign ministers remain highly supportive of the efforts to achieve a comprehensive settlement. My Special Adviser visited Brussels on 23 and 24 January 2011 to meet with European Commission officials, representatives of the European Union Presidency and members of the European Parliament concerned with the Cyprus question. Officials from Greece and Turkey, European parliamentarians and European Commission officials all voiced strong support for a comprehensive settlement and continue to encourage both sides to engage constructively with a view to reaching this goal.

III. Status of the process

8. Since I made my last assessment in November 2010, the pace of the talks has quickened. Despite the temporary absence of Mr. Eroğlu, who had to undergo surgery, the two leaders have met 11 times and their representatives have met 21 times since the November meeting, including at the meeting I had with them in Geneva in January 2011. Altogether, since the start of the full-fledged negotiations in 2008, there have been almost 100 meetings at the level of the leaders.

9. At the Geneva meeting, the leaders informed me that they had identified the core issues still to be resolved in each of the chapters and that they had advanced the discussions by putting forward bridging proposals on governance and power-sharing, the economy and European Union matters. While there has been positive momentum on these chapters, the divergences between the parties on a number of issues remain unresolved. At that meeting, the Turkish Cypriots put forth ideas for a plan that entailed negotiating all chapters in parallel with the exception of security, on the condition of adhering to a specific timetable. While the Greek Cypriots are not in favour of a specific timetable for the negotiations, they in turn submitted ideas for a three-stage plan.

10. I appreciated that, in Geneva, the sides agreed to intensify negotiations. It is a welcome development that, on their return to Cyprus, the leaders have been meeting on a weekly basis and their representatives twice a week. These meetings have included discussions on the way forward.

11. Regarding the specific issues under negotiation, on European Union matters the sides have reached convergence on certain issues related to the representation of Cyprus in Brussels and decision-making in European Union bodies. The primary remaining divergence relates to the incorporation of the settlement, including any derogation from the European Union acquis, into European Union law. Both sides wish to ensure the legal certainty of the settlement but differences remain on how to do this.

12. The sides have come close to convergence on the core issues in the economy chapter. There is now agreement on the use of both population and consumption as criteria for calculating how, for a certain transitional period, the north's relative economic disadvantage should be addressed. On this question, the parties have yet to agree on the conditions for deciding when this transitional period would expire.

13. Convergences on key issues in governance and power-sharing, including those related to the executive, are crucial to the success of the negotiations. Since November, in response to my request to move forward on the remaining areas of divergence in this chapter, both sides have presented a number of bridging proposals. I believe that the remaining divergences are not insurmountable. It is vital that the two sides continue to focus on achieving convergence on this chapter.

14. With regard to the remaining three chapters, property, territory, and security and guarantees, there is less progress to report. On property, there is already a broad conceptual understanding on a mechanism by which this most difficult of issues might be resolved. Since my last report, however, outstanding core issues related to property have not been discussed. The stated positions of the sides on this complex topic remain far apart. In addition, while the sides touched on the subject of territory during the identification of core issues, the circumstances under which both sides would be ready to discuss this chapter have yet to be agreed. On security and guarantees, the respective core issues have been identified but not discussed.

15. In the coming weeks, I strongly encourage the sides to deal expeditiously with outstanding core issues. To do so, they must recognize that some of the key considerations in the three chapters mentioned above are necessarily interrelated. Detailed negotiations are required not only within but also across these chapters.

IV. Observations

16. I made it clear when I met with the leaders in New York in November and again in Geneva in January that the United Nations respects the talks as a Cypriot-led and Cypriot-owned process and that it is precisely for this reason that we expect the two sides to assume responsibility for driving the process forward. The destiny of Cyprus is in the hands of its leaders. It is they who must act to reconcile their differences. Without their dedication and commitment to reunifying the island, the process cannot move forward.

17. In my report to the Security Council in November, I made several observations related to the need for the two leaders to be mindful about creating an environment conducive to successful talks and to eventual support for a settlement by Cypriots on both sides. I noted the growing public scepticism that a settlement would be reached. The low expectations of the public are in contrast to the exciting possibilities being discussed by the sides. While I respect the need for

confidentiality in the process of achieving compromise, I continue to believe that the official secrecy of the negotiations, broken only by the selective leaking of texts through the media, is not conducive to constructive negotiations. This trend has continued since November and public opinion continues to predict the failure of the negotiations. Both leaders need to make a convincing case to the public that good progress is being made, that the status quo cannot continue and that a united Cyprus can be achieved to the benefit of both communities.

18. In the November report I also expressed my concern about the use of negative public rhetoric and its potential harm to the process. While public discourse initially showed signs of becoming gentler after my meeting with the leaders in November, the recent record has been more mixed. I reiterate my belief that negative messaging makes it more difficult to reach an agreement. I made it clear again when I met Mr. Christofias and Mr. Eroğlu in January that they cannot project strong doubts about the process and still expect their respective communities to trust and support them in their endeavours. Nor can they hope to create an environment in which the public on both sides will embrace reunification if public statements demonize or ascribe ulterior motives to the other side.

19. For the talks to proceed smoothly, a supportive regional and international environment is of key importance. I urge all regional and international actors to remain focused on finding a solution in Cyprus, to speak with one voice and to make every effort to support both sides in the ongoing talks. The three guarantor powers have provided important support for the process and I am grateful for their continued strong interest. During my contacts with the Foreign Ministers of Greece and Turkey, both recognized the difficulties inherent in resolving the outstanding issues. They are ready to offer whatever assistance they can. I encourage and welcome their continued engagement. The European Commission has also continued to provide useful advice. The constant support of the Commission during the negotiations will be crucial in helping the sides to craft a settlement in line with European Union law.

20. The commitment of the United Nations to Cyprus has been enduring and extensive. For almost half a century, Member States have committed enormous amounts of energy and resources to helping the two sides to bridge their divisions. Each side should weigh the risks of not reaching a solution against the likelihood of achieving everything they want. The leaders need to focus on the best way to lead the process to its completion. In doing so, they must be mindful of the wishes of all Cypriots.

V. Conclusions

21. I remain concerned about the rate of progress of the talks. In my November report, I warned that the upcoming election cycle could bring with it the risk of the negotiations foundering fatally. I believe that the leaders have made efforts over the past months but more must be done to prevent the negotiations from stalling or drifting endlessly. It is important that the parties reach convergence on the outstanding core issues as soon as possible.

22. As I told both leaders when we met on 26 January in Geneva, the moment has come to confront the hard choices. The negotiations cannot be an open-ended process, nor can we afford interminable talks for the sake of talks. Now, more than

ever, both sides must demonstrate courageous and dedicated leadership and take practical steps to bring the negotiations to a conclusion. This will require the two leaders to build a greater level of trust, both between themselves and between their two communities.

23. After the meeting in January, I said that I would call another meeting soon to review progress made in the talks. In the coming weeks, therefore, I intend to closely follow the leaders' efforts to reach further convergence. During the latter part of March, I will assess whether there has been enough progress for me to convene another meeting with the two sides. I expect that, on that occasion, the leaders will explain to me how they intend to resolve the remaining divergences.

24. When I deem it appropriate and in consultation with both sides, I will determine if there has been sufficient progress on the core issues within and across chapters to warrant the convening of a multilateral meeting. The parameters of such a meeting are still being discussed by the two leaders.

25. I understand that the two sides have agreed that the issue of international treaties in the security and guarantees chapter will be discussed at the multilateral meeting, although the Greek Cypriots would also like to discuss the issue in advance of such a meeting. On the issue of maps and figures relating to the territory chapter, both sides agree that this should be discussed during the last phase of the process. An agreement still has to be reached on the precise timing.

26. I strongly encourage the sides to take the necessary steps to finalize the negotiation on property. The terms of a framework for resolving affected property issues have been established. In Geneva, I offered to make international experts available to both sides to look in depth at the technical aspects of the property issue. I have instructed the good offices team to ensure that such expertise is available and I encourage both sides to use such resources productively.

27. In my previous report, I expressed my intention to conduct a broader assessment of the United Nations presence in Cyprus, with a view to recommending ways of adjusting to ongoing developments. This process has been initiated through preliminary internal discussions. I will update the Security Council on the course of this exercise in my next assessment of the state of the talks, which I intend to incorporate into my June report on my mission of good offices in Cyprus.